(2) The term "hostage period" means the period beginning on November 4, 1979, and ending on the date the President specifies, by Executive order, as the date on which all citizens and resident aliens of the United States who were placed in a captive status due to the seizure of the United States Embassy in Iran have been returned to the United States or otherwise accounted for.

(3) The term "family member", when used with respect to any American hostage, means—

(A) any dependent (as defined in section 5561 of title 5, United States Code) of such hostage; and

(B) any member of the hostage's family or household (as determined under regulations which the Secretary of State shall prescribe).

(4) The term "captive status" means a missing status arising because of a hostile action abroad—

(A) which is directed against the United States during the hostage period; and

(B) which is identified by the Secretary of State in the Federal Register.

(5) The term "missing status"—

(A) in the case of employees, has the meaning given it in section 5561(5) of title 5, United States Code;

(B) in the case of members of the uniformed services, has the meaning given it in section 551(2) of title 37, United States Code; and

(C) in the case of other individuals, has a similar meaning as that provided under such section, as determined by the Secretary of State.

(6) The terms "pay and allowances", "employee", and "agency" have the meanings given to such terms in section 5561 of title 5, United States Code, and the term "civil service", "uniformed services", and "armed forces" have the meanings given to such terms in section 2101 of such title 5.

PAY AND ALLOWANCES MAY BE ALLOWED TO SPECIAL SAVINGS FUND

SEC. 102. (a) The Secretary of the Treasury shall establish a savings fund to which the head of an agency may allot all or any portion of the pay and allowances of any American hostages which are for pay periods during which the American hostage is in a captive status and which are not subject to an allotment under section 5563 of title 5, United States Code, under section 553 of title 37, United States Code, or under any other provision of law.

(5) Amounts so allotted to the savings fund shall bear interest at a rate which, for any calendar quarter, shall be equal to the average rate paid on United States Treasury bills

with three-month maturities issued during the preceding calendar quarter. Such interest shall be compounded quarterly.

(c) Amounts may be allotted to the savings fund from pay and allowances for any pay period ending after November 4, 1979, and before the establishment of the savings fund. Interest on amounts allotted from the pay and allowances for any such pay period shall be calculated as if the allotment had occurred at the end of the pay period.

(d) Amounts in the savings fund credited to any American hostage shall be considered as pay and allowances for purposes of section 5563 of title 5, United States Code, (or in the case of a member of the uniformed services, for purposes of section 553 of title 37, United States Code) and shall otherwise be subject to withdrawal under procedures which the Secretary of the Treasury shall establish.

MEDICAL AND HEALTH CARE AND RELATED EXPENSES

SEC. 103. Under regulations prescribed by the President, the head of an agency may pay (by advancement or reimbursement) any individual who is an American hostage, or any family member of such an individual, for medical and health care, and other expenses related to such care, to the extent such care—

(1) is incident to that individual being an American hostage; and

(2) is not covered by insurance.

EDUCATION AND TRAINING

SEC. 104. (a) Under regulations prescribed by the President, the head of an agency shall pay (by advancement or reimbursement) a spouse or child of an American hostage for expenses incurred for subsistence, tuition, fees, supplies, books, and equipment, and other educational expenses, while attending an educational or training institution. Payment shall not exceed the maximum amount authorized to be paid with respect to missing members of the armed forces under section 1732 of title 38, United States Code.

(b)(1) Except as provided in paragraph (2), payments shall be available under this section for a spouse or child of an individual who is an American hostage for education or training which occurs—

(A) after the ninetieth day after the date the individual is placed in a captive status, and

(B) on or before—

(i) the end of the semester or quarter (as appropriate during which the individual ceases to be in a captive status, or

(ii) if the educational or training institution is not operated on a semester or quarter system, the earlier of the end of the course during which the

individual ceases to be in such captive status or the end of the 12-week period following the date the individual ceases to be in such status.

In order to respond to special circumstances, the President may specify a date for purposes of cessation of assistance under subparagraph (B) which is later than the date which would otherwise apply under subparagraph (B).

(2) In the event an American hostage dies and the death is incident to that individual being an American hostage, payments shall be available under this section for a spouse or child of an individual who is an American hostage for education or training which occurs after the date of death.

(3) In no event may assistance be provided under this section for any spouse or child of an American hostage for a period in excess of 45 months (or the equivalent thereof in part-time education or training).

(c) Assistance under this section shall be discontinued for any spouse or child if such individual's conduct or progress is unsatisfactory under standards consistent with those established pursuant to section 1724 of title 38, United States Code.

(d) The preceding provisions of this section shall not apply with respect to any spouse or child who is eligible for assistance under chapter 35 of title 38, United States Code.

(e) Regulations issued by the President under this section shall provide that the program under this section be consistent with the assistance program under chapters 35 and 36 of title 38, United States Code.

EXTENSION OF APPLICABILITY OF CERTAIN BENEFITS OF THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940

SEC. 105. (a) Under regulations prescribed by the President, an American hostage is entitled to the benefits provided by the Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C. App. 501 et seq.), including the benefits provided by section 701 (50 U.S.C. App. 591) but excluding the benefits provided by sections 104, 105, 106, 400 through 408, 501 through 512, and 514 (50 U.S.C. App. 514, 515, 516, 540 through 548, 561 through 572, and 574).

(b) In applying such Act for purposes of this section—

(1) the term "person in the military service" is deemed to include any such American hostage;

(2) the term "period of military service" is deemed to include the period during which such American hostage is in a captive status; and

(3) references to the Secretary of the Army, the Secretary of the Navy, the Adjutant General of the Army, The Chief of Naval Personnel, and the Commandant, United States Marine Corps, are deemed to be references to the Secretary of State.

(c) The preceding provisions of this section shall not apply with respect to any American hostage covered by such provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 by reason of being in the armed forces.

APPLICABILITY TO COLOMBIAN HOSTAGE

SEC. 106. Notwithstanding the requirements of section 101(1), for purposes of this title, Richard Starr of Edmonds, Washington, who, as a Peace Corps volunteer, was held captive in Colombia and released on or about February 10, 1980, shall be held and considered to be an American hostage placed in a captive status on November 4, 1979.

EFFECTIVE DATE

SEC. 107. The preceding provisions of this title shall take effect as of November 4, 1979.

Amend the title so as to read:

A bill to provide certain benefits to individuals held hostage in Iran and to similarly situated individuals.

EXPLANATION OF AMENDMENTS

The committee amendment substitutes an entirely new text for the text of title I of the introduced bill. The explanation of the provisions of the committee amendment is contained in the explanation of the bill as set forth below in this report. The title of the bill is amended to reflect the action of the committee.

PURPOSE

The purpose of H.R. 7085 is to provide certain benefits to individuals held hostage in Iran and to similarly situated individuals.

COMMITTEE ACTION

H.R. 7085 was introduced on April 17, 1980, by Representative Dante B. Fascell and was subsequently cosponsored by 58 Members. On August 27, 1980, the Committee on Post Office and Civil Service, by voice vote, ordered H.R. 7085, as amended, favorably reported.

H.R. 7085 was jointly referred to the Committees on Post Office and Civil Service, Ways and Means, and Foreign Affairs. Under clause (1)(o) of House rule X the Committee on Post Office and Civil Service has jurisdiction over all "Federal Civil Service". By law, the "civil service" consists of all appointive positions in the executive, legislative, and judicial branches of the Government, except positions in the uniformed services (5 U.S.C. 2101), and thus includes the competitive service and employment excepted from the competitive service such as the foreign service. In the course of its consideration and after consultation with the Chairman of the Committee on Armed Services which has jurisdiction over the uniformed services, the committee expanded the coverage of certain provisions of the bill to include members of the military. This was done to ensure that civilian and military hostages would be entitled to the same benefits and with full recognition that jurisdiction with respect to the military rests with the other committee.

With respect to title II, the subject matter of which is within the jurisdiction of the Committee on Ways and Means, the committee took no action.

SUMMARY

While recognizing that the safe return of the Americans held hostage in Iran is uppermost in the hearts and minds of their families and the Nation, the committee believes that the Hostage Relief Act of 1980 will alleviate, to the extent possible, the financial burdens borne by the families. The committee also believes that enactment of this legislation will demonstrate to the hostages and to their families that the Government shares their concerns and is interested in their welfare.

The major provisions of title I of the introduced bill:

—established an interest-bearing salary savings fund for civilian employees;

—authorized up to $25,000 per year for reimbursement for medical expenses of a civilian employee and the employee's dependents;

—authorized reimbursement for spouses who incur educational and training related expenses; and

—authorized State and Federal courts to stay certain civil actions affecting property rights.

H.R. 7085, as reported, reflects the general intent of the introduced bill but enlarges its scope in line with recommendations of the Administration. In this regard, the reported bill:

—eliminates the $25,000 limit on reimbursement for medical expenses;

—authorizes medical expense reimbursements for "family members" as well as for dependents;

—extends education reimbursement benefits to children as well as to spouses;

—includes military personnel in provisions relating to the savings program and medical reimbursements; and

—limits application of the bill's provisions to the current hostage situation.

In addition to the Administration's recommendations, other changes made by the committee:

(1) permit funds to be withdrawn from the savings fund to meet unexpected needs of the hostages or the families;

(2) provide that interest be paid retroactively on the salaries held in personnel offices prior to the establishment of the savings fund;

(3) permit extensions of eligibility for educational and training benefits under special circumstances; and

(4) permit payment of allowable expenses by either advancement or reimbursement.

SCOPE AND COVERAGE

The reported bill alters the scope and coverage of the introduced bill in three significant ways. First, it is a temporary measure, not permanent legislation, and expires at the end of the current Iranian hostage situation. Second, it covers the military as well as the civilian hostages. Third, it extends certain benefits not only to the hostages'

spouses and children, but also to other family or household members.

For the most part, these changes are reflected in the reported bill's controlling definitions which differ substantially from those in the introduced bill. Eligibility for the intended benefits of the reported bill hinges on the definitions of "American hostage" and "family member". These terms replace and expand upon the introduced bill's reference to employees, spouses, and dependents.

American hostage who is in a captive status

As defined in the reported bill, the terms "American hostage" and "captive status" do two things: one, they expressly include the military personnel who are among the Americans held hostage in Iran; and two, they limit the legislation's application to the current Iranian situation.

The committee made these changes in the introduced bill because it agrees with the Administration that permanent legislation should await completion of a thorough and independent study of appropriate measures to be taken when American citizens are taken hostage in a hostile action abroad. It also agrees with the Administration that similarly situated military personnel should receive the same benefits extended to the civilian hostages. H.R. 7085, as reported, is a temporary measure designed to meet the immediate needs of the hostages and their family members.

Family member

By reference to an existing definition of "dependent" (5 U.S.C. 5561(3)), the reported bill includes wives, unmarried children under 21 (including step-children or adopted children), dependent parents, and other qualifying individuals under the definition of "family member." Subject to regulations to be prescribed by the Secretary of State, it also includes members of the hostages' families or households who are not technically "dependent."

The committee's use of the term "family member" is a deliberate expansion of the coverage of the introduced bill, which was limited to spouses and dependents. It reflects an Administration suggestion that certain benefits should be available to individuals who might not be dependent on a hostage for financial support, but who have nevertheless suffered physical, mental, or emotion distress because of their close relationship to the hostage. The committee agrees with the Administration and believes that the term "family member" allows the greatest flexibility in identifying those individuals entitled to the legislation's intended benefits.

BENEFITS

Interest-bearing savings fund

Under existing law, there is no authority to pay interest on the portion of a missing employee's salary which is not otherwise allotted for a specific purpose. H.R. 7085, as introduced, would authorize the Secretary of the Treasury to establish an interest-bearing savings fund to which agency heads could deposit all or part of the salaries due employees in a missing status.

The committee believes that an interest-bearing savings fund provides a safe and appropriate place to hold salaries due the American

hostages. Consequently, the reported bill includes a provision establishing an interest-bearing salary savings fund, but makes two changes the committee believes significantly improve the original savings fund provisions. First, it authorizes retroactive interest payments on amounts attributable to pay and allowances for pay periods ending after November 4, 1979, and before the actual establishment of the savings fund. The committee believes this provision maximizes the economic benefit of the savings fund for the hostages. Second, the reported bill allows an agency head to make allotments from the savings fund under appropriate circumstances. The committee believes this authority allows an agency head, acting in the best interests of a hostage, to reach funds that otherwise would have been "locked in" under the provisions of the introduced bill.

Education and training benefits

The introduced bill entitled the spouse of a civilian hostage who is held more than 90 days to the same reimbursement for education and training-related expenses as is currently authorized for spouses of military personnel who are in a missing status. The Administration suggested that education and training benefits also be provided to the children of the civilian hostages, as is currently done for children of the military.

The reported bill incorporates the Administration's suggestion and thus equalizes civilian and military education and training benefits. The reported bill further provides that payments for allowable expenses may be made by advancement or reimbursement and specifies that the President, under special circumstances, may authorize benefits beyond the end of the semester or quarter during which the hostages are released.

Medical and other related expenses

The introduced bill authorized agency heads to reimburse employees in a captive status or their dependents for necessary travel, rest and recuperation, private medical care, or other expenses related to the hostage ordeal. The total amount available to the employee, including his or her dependents, was limited to $25,000 in any calendar year.

At the suggestion of the Administration, the committee made three major changes in this provision. First, it removed the annual $25,000 ceiling on reimbursement of allowable expenses. Second, it restricted allowable expenses to those related to medical and health care. Third, it expanded eligibility from the introduced bill's "dependents" to those within the reported bill's definition of "family member". The reported bill also allows payment of medical and health-related expenses by advancement or reimbursement.

The committee believes these changes represent the best approach to meeting the medical and healthcare needs of the hostages and their family members.

Civil actions

H.R. 7085 as introduced, extended the applicability of certain benefits of the Soldiers' and Sailors' Civil Relief Act of 1940 to any American citizen in a missing status or cut off from regular postal communications as a result of hostile action against the United States

abroad. The Act generally permits a court to stay certain civil actions until the individual is in a position to respond. In keeping with the reported bill's status as a temporary measure, extension of the Soldiers' and Sailors' Act's benefits is limited to those qualifying as "American hostages".

The reported bill also provides that for purposes of this legislation, Richard Starr of Edmonds, Washington, is deemed an American hostage who entered into a captive status on or after November 4, 1979. Starr was kidnapped by communist guerrillas on February 14, 1977, while serving as a Peace Corps volunteer in Colombia. He was released on or about February 10, 1980. Without this provision, the fact that Starr's initial capture predates November 4, 1979 (the day the bill identifies as the beginning of the hostage period would preclude his eligibility for the special personnel benefits.

According to a Peace Corps spokesman, Starr, 32, is now a research biologist at a national park in the Pacific Northwest. It is the committee's intent that Mr. Starr be entitled to the benefits of H.R. 7085.

SECTION ANALYSIS

The committee amendment strikes out all of title I of the introduced bill and inserts in lieu thereof a new text. This substitute text is explained below.

TITLE I—SPECIAL PERSONNEL BENEFITS

Section 101—Definitions

Section 101 defines certain terms for purposes of title I.

Paragraph (1) defines the term "American hostage". This is a key term since it establishes the class of individuals who will be eligible for benefits under the bill. "American hostage" is defined to mean any individual who while (A) in the civil service or the uniformed services of the United States (as those terms are defined in section 2101 of title 5, United States Code), or (B) a citizen or resident alien of the United States rendering personal service to the United States abroad similar to the service of a civil officer or employee of the United States (as determined by the Secretary of State), is placed in a captive status during the hostage period. The "civil service" consists of "all appointive positions in the executive, judicial, and legislative branches . . ." and "uniformed services" means the Army, Navy, Air Force, Marine Corps, Coast Guard, the commissioned corps of the Public Health Service, and the commissioned corps of the National Oceanic and Atmospheric Administration (5 U.S.C. 2101). Paragraph (B), relating to individuals rendering personal service to the United States abroad, covers, for example, individuals employed by contract to perform services for the Government such as educational instruction.

Paragraph (2) defines "family member" and provides that when used with respect to any American hostage the term means (A) any dependent (as defined in section 5561 of title 5, United States Code) of a hostage, and (B) any member of the hostage's family or household (as determined under regulations prescribed by the Secretary

of State). The term "family member" is important since it establishes the class of individuals who will qualify for reimbursement for medical expenses under section 103 of the bill. In amending the bill, the committee chose to define the term broadly to ensure that individuals in need of medical assistance and reimbursements therefor contemplated under section 103 would not be denied reimbursement because they were not technically "dependent" on the hostage, or the "primary next of kin". The Secretary is granted discretion in determining in any instance who qualifies as a "family member".

Paragraph (3)(A) defines "captive status" to mean a missing status arising because of a hostile action abroad which is directed against the United States during the hostage period.

Paragraph (3)(B) defines "missing status" by cross-reference to appropriate definitions relating to civilian employees (5 U.S.C. 5561 (5)) and members of the military (37 U.S.C. 551(2)). With respect to other individuals, the Secretary is given the authority to prescribe what constitutes a "missing status". Section 5561 of title 5 defines "missing status" as: (A) missing, (B) missing in action; (C) interned in a foreign country; (D) captured, beleaguered, or besieged by a hostile force; or (D) detained in a foreign country unwillingly. An employee determined to be absent from his post of duty without authority is not deemed to be in a missing status. Section 551(2) of title 37 is virtually identical.

Paragraph (4) defines other terms used in the bill by cross-reference to definitions contained in title 5, United States Code. The terms "pay and allowances", "employee", and "agency" are given the meanings in section 5561 of title 5, and the terms "civil service", "uniformed services", and "armed forces" are given the meanings in section 2101 of title 5.

Section 102—Savings fund

Section 102(a) authorizes the Secretary of the Treasury to establish a savings fund to which the head of an agency may allot all or any portion of pay and allowances of an American hostage which are for pay periods during which the American hostage is in a captive status. Allotments which are, or may be, in effect under section 5563 of title 5, section 553 of title 37, or any other provision of law, will be honored, but funds not subject to such an allotment may be paid into the savings fund.

Section 102(b) provides that amounts allotted to the savings fund shall bear interest at a rate which, for any calendar quarter, shall be equal to the average rate paid on United States Treasury bills with three-month maturities issued during the preceding calendar quarter. The interest compounds quarterly.

Section 102(c) provides for the allotment to the savings fund or pay and allowances due an American hostage prior to the establishment of the savings fund. It further provides that interest on these amounts shall be calculated as if the allotment had occurred at the end of the applicable pay period, and thus provides for retroactive interest payments.

Section 102(d) provides that amounts in the savings fund credited to any American hostage shall be considered as pay and allowances for purposes of section 5563 of title 5 (or in the case of a member of

the uniformed services, for purposes of section 553 of title 37), and shall otherwise be subject to withdrawal under procedures which the Secretary of the Treasury shall establish. Sections 5563 of title 5 and 553 of title 37 authorize an agency head to make allotments for various purposes when an employee or member of the uniformed forces is in a missing status.

Section 103—Medical and health care and related expenses

Section 103 provides that under regulations prescribed by the President, the head of an agency may pay (by advancement or reimbursement) any individual who is an American hostage, or a family member of an American hostage, for medical and health care, and other expenses related to such care, to the extent the care is (1) incident to that individual being an American hostage, and (2) not covered by insurance.

Section 104—Education and training

Section 104 is intended to provide educational and training benefits to spouses and children of American hostages. The benefits are intended to be equivalent to those provided for families of missing members of the armed forces under chapter 35 of title 38, United States Code.

Section 104(a) provides that under regulations prescribed by the President, the head of an agency shall pay (by advancement or reimbursement) a spouse or child of an American hostage for expenses incurred for subsistence, tuition, fees, supplies, books, equipment, and other educational expenses while attending an educational or training institution. Payment shall not exceed the maximum amount authorized to be paid under section 1732 of title 38, relating to payments to families of missing members of the armed forces.

Section 104(b) prescribes the periods of education and training for which payments may be made. Paragraph (1) provides that payment may be made for education and training which occurs (A) after the ninetieth day after the date the individual is placed in a captive status, and (B) on or before (i) the end of the semester or quarter (as appropriate) during which the individual ceases to be in a captive status or (ii) if the eductional or training institution is not operated on a semester or quarter system, the earlier of the end of the course during which the individual ceases to be in a captive status or the end of the 12-week period following the date the individual ceases to be in that status. The President is authorized to extend the period if special circumstances such as continued incapacity of the American hostage, justify an extension.

Paragraph (2) provides that in the event an American hostage dies and the death is incident to that individual being an American hostage, payments may be made for education and training which occur after the date of death.

Paragraph (3) provides that in no event may educational assistance be provided for a period in excess of 45-months (or the equivalent thereof in part-time training).

Section 104(c) provides that educational assistance shall be discontinued if the conduct or educational progress of the individual receiving the asssistance is unsatisfactory under standards consistent

with those established pursuant to section 1724 of title 38, United States Code, relating to discontinuance for unsatisfactory progress.

Section 104(d) provides that the preceding provisions of section 104 shall not apply with respect to any individual who is eligible for educational assistance under chapter 35 of title 38, United States Code, thus preventing double coverage for family members of members of the armed forces who currently are eligible for benefits under the title 38 provisions.

Section 104(e) provides that regulations prescribed by the President under section 104 shall provide that the educational assistance program under that section be consistent with the educational assistance program under chapters 35 and 36 of title 38, United States Code. This recognizes that section 104 is intended to provide the same educational assistance benefits for families of civilian American hostages as are currently provided to families of members of the military.

Section 105—Extension of applicability of certain benefits of the Soldiers' and Sailors' Civil Relief Act of 1940

Section 105 provides that under regulations prescribed by the President, an American hostage is entitled to the benefits under certain provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C. App. 501 et seq.). Sections 104, 105, 106, 400 through 408, 501 through 512, and 514 are specifically made inapplicable.

Section 105(b) provides, in essence, for the substitution of certain terms for purposes of applying the Soldiers' and Sailors' Civil Relief Act to the American hostages. Section 105(c) provides that the preceding provisions of section 105 shall not apply with respect to any American hostage who is already covered by the Act by reason of being in the armed forces. This precludes double coverage for members of the military.

Section 106—Applicability to Colombian hostage

Section 106 provides that notwithstanding the requirements of section 101(1), for purposes of the Act, Richard Starr of Edmonds, Washington, who as a Peace Corps volunteer was held captive in Colombia and released on or about February 10, 1980, shall be held and considered to be an American hostage placed in a captive or missing status on November 4, 1979. Since Mr. Starr was taken hostage prior to November 4, 1979, he technically does not fall within the definition of "American hostage" in section 101(1) and, absent special provision, would not be eligible for the benefits provided by the bill. Section 106 ensures that eligibility.

Section 107—Effective date

Section 107 provides that the preceding provisions of title I shall take effect as of November 4, 1979.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

The committee amendment does not amend title II of the bill which is within the jurisdiction of the Committee on Ways and Means.

Cost

Set forth below is the cost estimate of the Congressional Budget Office with respect to title I of H.R. 7085, which the committee adopts for the purpose of clause 7 of House rule XIII.

U.S. Congress,
Congressional Budget Office,
Washington, D.C., September 8, 1980.

Hon. James M. Hanley,
Chairman, Post Office and Civil Service Committee,
U.S. House of Representatives, Washington, D.C.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 7085, the Hostage Relief Act of 1980.

Should the committee so desire, we would be pleased to provide further detail on the attached cost estimate.

Sincerely,

Robert R. Reischauer
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 7085.
2. Bill title: Hostage Relief Act of 1980.
3. Bill status: As ordered reported by the House Post Office and Civil Service Committee on August 27, 1980.
4. Bill purpose: H.R. 8075 authorizes pay, educational, and medical benefits for the 51 hostages still in Iran, the thirteen hostages released earlier, the six individuals who sought refuge in the Canadian Embassy, and two Peace Corps employees and Ambassador Asencio who were taken hostage in other countries.

Title I authorizes:

—the establishment of an interest-bearing savings fund to which the pay and allowances of a hostage may be alloted during the period of captivity;

—the payment of medical benefits to a hostage and his or her family members, to the extent that the medical care is incident to the individual being a hostage and the care is not covered by insurance;

—the payment of educational benefits for the spouse or child of a hostage during the period of captivity (beginning after the ninetieth day of captivity and not to exceed a total of forty-five months); and

—the extension of certain provisions of the Soldier's and Sailors' Civil Relief Act to all the hostages.

Title II amends the Internal Revenue Code to provide income tax relief to the hostages. A cost estimate for Title II will be provided to the House Ways and Means Committee when it reports the bill.

5. Cost estimate: The costs of Title I of H.R. 7085 are estimated to total less than $500,000 in fiscal year 1981. This total represents costs incurred during fiscal year 1980 which would outlay in fiscal year 1981

plus the potential cost if the hostages were held for all of fiscal year 1981.

6. Basis of estimate:

Savings Fund.—The savings fund is not expected to result in additional costs. The salaries deposited into the fund reduce by a corresponding amount the money the U.S. Treasury must borrow daily and thus the interest it must pay. This amount of interest is estimated to be approximately equal to the interest that the U.S. Treasury will pay into the savings fund, resulting in no net additional cost.

Medical Care

Function 050.—The medical care of military personnel is available at no charge in military facilities. The medical care of dependents of military personnel is available at military facilities or through the CHAMPUS program. It is assumed that if dependents of hostages require medical care, it will be obtained in military facilities, resulting in virtually no additional cost. The Department of Defense estimates the cost of medical care for non-dependent family members of military personnel to be approximately $40,000.

Function 150.—The Department of State estimates eligible medical costs for the Foreign Service hostages and their family members to be approximately $350,000. This assumes that approximately 45 of the eligible people will require extensive psychiatric care for 100 weeks at $60 per week, and approximately $100,000 will be required for general health care and medical travel relating to the hostage situation.

The two Peace Corps hostages and their family members have incurred no eligible medical costs.

Educational Benefits

Function 050.—No additional educational assistance costs occur for military personnel because the dependents of military personnel who are missing or held hostage are already eligible for educational benefits.

Function 150.—The Department of State estimate that 14 individuals will be eligible for educational benefits at a total cost of approximately $80,000. The two Peace Corps hostages have no dependents or spouses and thus will incur no additional cost.

Other Provisions

Function 050.—The bill extends certain provisions of the Soldiers' and Sailors' Civil Relief Act to the hostages. This Act exempts the hostages from certain civil liabilities during their captivity. No additional costs are incurred for military personnel since they are already covered by the Act.

Function 150.—The extension of these provisions to the Foreign Service and Peace Corps hostages will incur no additional cost.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Linda Gard, Alice Hughey.

10. Estimate approved by:

C. G. Nuckols

(For James L. Blum, Assistant Director for Budget Analysis).

OVERSIGHT

Under the rules of the House, the Committee on Post Office and Civil Service is vested with legislative and oversight jurisdiction over the subject matter of title I of H.R. 7085, and as a result of its consideration has concluded that there is ample justification for amending the law in the manner provided under H.R. 7085.

The committee received no report of oversight findings or recommendations from the Committee on Government Operations pursuant to clause 4(c)(2) of House rule X.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of House rule XI, the committee has concluded that the enactment of H.R. 7085 will have no inflationary impact on the national economy.

CORRESPONDENCE

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., September 2, 1980.

HON. JAMES A. HANLEY,
Chairman, Post Office and Civil Service Committee,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your letter of August 26, 1980, concerning the inclusion of military personnel in the provisions of the bill, H.R. 7085, the Hostage Relief Act of 1980.

I believe that benefits to be made available to the civilian hostages in Iran should apply equally to American service members. H.R. 7085 is structured after the benefits available to service members in a missing or prisoner-of-war status during Vietnam and their families. No authority exists today for providing those benefits for service members entering that status after the cessation of that period of conflict.

Although the Committee on Armed Services has jurisdiction over all pay and benefits for members of the military, in order to avoid delays in action on this bill, I would have no objection to the extension of these benefits to service members in this particular circumstance.

I am pleased that the authority is temporary; I would hope that the report language would direct the Executive branch to establish an interagency committee to evaluate the viability of future permanent legislation.

If our staffs can work together on the final form of the legislation, I believe we can avoid the necessity of sequential referral.

I appreciate your efforts in this area and your contacting this committee regarding this matter.

Sincerely,

MELVIN PRICE, *Chairman.*

ADMINISTRATIVE VIEWS

Set forth below are the views of the Department of State and the International Communication Agency.

DEPARTMENT OF STATE,
Washington, D.C., August 26, 1980.

Hon. JAMES M. HANLEY,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. CHAIRMAN: In response to your request of May 5, we submit the following report on H.R. 7085, the "Hostage Relief Act of 1980." The Administration strongly supports this bill because, with certain amendments, it would provide appropriate relief to individuals held hostage in a foreign land as a result of a hostile action against the United States.

Despite the best efforts of our Government, 52 American hostages are still being held in Iran. They have been incarcerated cruelly and unjustly since last November 4. They and their families have suffered extreme mental anguish. We must act now to alleviate—to the extent that we can—the burdens of the hostages and their families, and to be certain, that upon their return home, all necessary assistance is provided.

We believe H.R. 7085 goes a long way toward meeting those objectives for Foreign Service and Federal civilian employees. The bill does not cover the 21 members of the Armed Forces who are among the hostages. We recommend strongly that the bill be amended to extend the same provisions to members of the Armed Forces.

H.R. 7085 is designed as permanent legislation applicable to all future employees taken hostage in the attacks against the U.S. as well as to those now in Iran and to those victimized by other attacks against the U.S. since our Tehran embassy was overrun November 4, 1979. The Administration would prefer to have this bill enacted as a temporary measure, to expire upon release of the hostages in Iran, pending completion of a thorough and independent study of the problems drawing on the experiences of the hostages. We are therefore enclosing an amendment for this purpose.

Title I of the bill would amend the Missing Persons Act as codified in chapter 55, title 5, U.S. Code, by adding several new sections. Proposed new section 5569(a) of title 5 would authorize a savings program to which agency heads could allot salaries of the hostages, or the portion of salaries not allotted for the support of dependents. Interest would be paid at Treasury bill interest rates. This would provide an appropriate and safe savings program during the period of captivity.

Proposed new section 5569(b) of title 5 would authorize agency heads to reimburse employees and their dependents for reasonable expenses incurred because of their ordeal, up to $25,000 per year. The primary need here is to provide necessary medical and psychiatric care to the hostages' families who have been placed under tremendous psychological stress during the long incarceration of their loved ones. Aedquate medical and psychotherapeutic help for employees can, in most cases, be provided under existing law. Authority is needed to provide necessary care to wives, parents and children of hostages for illnesses or injuries which were exacerbated by or resulted from the response of these relatives to the hostages' ordeal. We suggest that the section be amended so that necessary care can be extended to parents

and other primary next of kin who may not be dependent on the employee for support, because they have suffered just as much as dependents by the attack on the U.S. Also, we believe the provision should be limited to reimbursements for necessary medical and related expenses not otherwise reimbursed and that the $25,000 annual limitation should be removed so that the exceptional case may be adequately covered. We have enclosed language to accomplish these changes with our recommended amendments.

Proposed new section 5569(c) would authorize spouses of civilian hostages who are held for over 90 days to attend training or educational courses with the benefits granted being equivalent to those currently authorized spouses of military personnel in a missing status. This provision would be helpful to a spouse who wishes training to enter or reenter the labor market during a period of extended incarceration of an employee. We propose that the section be revised to cover dependent children of the hostages and surviving children and spouse of an employee who dies as a result of a hostile action. This would provide the same coverage as now authorized for military personnel being held as hostages or who die from a service-connected cause. Language for this purpose is also included in our suggested amendments.

Proposed section 5570 would extend the Soldier's and Sailor's Civil Relief Act of 1940 to any U.S. citizen who is in a missing status or cut-off from regular postal communications as a result of hostile action against the United States abroad. This Act permits the court to stay certain types of civil actions until an individual is restored to a status where he or she can respond to the action in question. For example, under this Act the court could stay a foreclosure on an employee's home for non-payment of taxes during a period of captivity.

Title II of the bill would amend the Internal Revenue Code to provide certain tax exemptions and tax deferments for civilian employees taken hostage as a result of a hostile action against the United States. This title would extend to civilian employees held as a hostage the same tax exemptions granted Federal civilian employees and military personnel interned as POWs during the Vietnam conflict, and to the members of the crew of the U.S.S. *Pueblo* illegally interned in North Korea in 1968.

The Department is pleased to endorse the tax provisions of this bill for this group of Federal employees and to recommend that the same provisions be extended to members of the Armed Forces who are in like situations. It does so on a one-time basis without prejudice to future consideration of the appropriateness of a tax exemption in permanent hostage relief legislation.

The Department of the Treasury in its testimony on this bill before the Foreign Affairs Committee on July 24 indicated that it had no objections to the tax provisions and will be submitting a separate report to you on this subject. Its report will include an estimate of the revenue loss to be expected if the bill is enacted.

For purposes of this bill "hostile action" is defined as "an action abroad which is directed against the United States and occurs on or after November 1, 1979, which the Secretary of State identifies in a letter to the Secretary [of the Treasury] and which letter is pub-

lished in the Federal Register." This would include an attack against a U.S. Embassy or other installation abroad. It would also include the seizure and prolonged detention of an official or employee of the United States whether or not the initial seizure occurred during an attack directed against the United States.

Section 201 of the bill would extend section 112 of the Internal Revenue Code to Federal civilian employees who are hostages. It would exempt from gross income Federal compensation received for each month of captivity. Section 112 now applies to members of the Armed Forces in a combat zone. It was extended to the Federal civilian and military POWs in Vietnam, and to the military and civilian members of the *Pueblo* crew.

Section 202 of the bill would extend section 692 of the Internal Revenue Code to the survivors of any Federal employee who may die while in active service as a result of hostile action against the United States abroad. Such person's tax liability for the year of death and for any prior taxable year during which such individual was in a missing status would be abated. Any tax for such years which has already been collected would be subject to a claim for refund. Section 692 now applies to members of the Armed Forces who die as a result of service in a combat zone. It covers members of the military held as POWs in a combat zone and was extended to military members of the crew of the U.S.S. *Pueblo* who died as a result of their captivity.

Section 203 of the bill would give the spouse of any U.S. citizen who is taken hostage the right to file a joint return as is now authorized for spouses of members of the uniformed services and Federal employees who are in a missing status as a result of service in a combat zone. (Iran, of course, has not been declared a combat zone).

Section 204 of the bill would amend section 7508 of the Internal Revenue Code to defer, during the period of captivity, the tax liability of any U.S. citizen held hostage. Section 7508 now covers members of the Armed Forces and defers their tax liability while they are serving in a combat zone. The amendment would replace section 5568 of title 5, a similar but more limited provision.

The Administration opposes the granting of medical expense reimbursement, special training, and income tax exemption to hostages who are not Federal employees or members of the military. The scope of Federal compensation for non-Federal employee hostages would be among the matters to be reviewed by the study to which I previously referred. Although most provisions of the bill would be applicable only to Federal employees as broadly defined in the bill, sections 102(c) and 205 would make those provisions applicable to all of the hostages in Iran including the one who is a private citizen and who was captured because he happened to be in the Embassy at the time of the takeover. Our list of suggested amendments would delete those two sections.

Our estimate of the cost of title I of this bill is stated below. The estimate is based upon the cost for civilian hostages taken captive in attacks against the United States since November, 1979. If the bill is amended to cover Members of the Armed Forces, as we strongly recommend, there would be additional costs. We believe that these could best be estimated by the Department of Defense.

Reimbursement for medical expenses under proposed new section 5569 (b) of 5 U.S.C.:	
First year	$200,000
Second year	155,000
Third through fifth year	0

We did not estimate a cost for proposed new section 5569(c) of title 5 authorizing educational assistance for spouses because we do not believe it could be implemented before all remaining hostages are released. However, should it be, the maximum monthly rate for educational assistance that would be payable under that section for a spouse with two dependents would be $422 per month. Other sections of the bill would have minimal or no cost.

The amendments to the bill involving title 5 recommended by the Administration are enclosed for your consideration.

The return of the hostages to their families is the paramount consideration for all of us and benefits for their suffering cannot be viewed in the same light. Nevertheless, if legislation along the lines of this bill, and amendments, can be passed, it would demonstrate to the hostages and their families that a caring government and nation share their concerns and are interested in their welfare. We strongly recommend that you act favorably on this legislation as soon as possible during this Session of Congress.

We are advised by the Office of Management and Budget that there is no objection from the standpoint of the Administration's program, to the submission of this report.

Sincerely,

J. BRIAN ATWOOD,
Assistant Secretary for Congressional Relations.

Enclosure: Proposed Amendments.

INTERNATIONAL COMMUNICATION AGENCY,
Washington, D.C., August 20, 1980.

HON. JAMES M. HANLEY,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. CHAIRMAN: In response to your request, we are pleased to submit our comments on the Hostage Relief Act of 1980 (H.R. 7085) introduced in the House on April 17.

We support the Hostage Relief Act of 1980, because it will provide relief where no adequate legislative coverage now exists. One desirable feature is that it applies to U.S. hostages anywhere and not to just one individual group. We recommend that H.R. 7085 be amended to cover military personnel held hostage in Iran since they would have no coverage whatsoever without the amendment. However, we believe all coverage under the Act should expire with the Iranian hostage crisis, with permanent legislation to be based on the report of an interagency committee which would be established to study and make recommendations on the matter. Such a report would provide for comprehensive review of all problems associated with hostages who are Federal personnel.

Title I of the proposed Act revises 5 USC 5569 to provide, inter alia, for the establishment of a salary savings program by the Secretary of the Treasury. The Act also authorizes the President to issue

regulations providing for the reimbursement to a hostage employee or his or her dependent for the expenses of travel, rest and recuperation, and medical care. We support reimbursement of expenses for medical and health care on the basis of need. We do not think that reimbursement of medical and health care should be subject to a dollar limitation but rather to a standard of reasonableness, because it is impossible to determine the cost of such care, particularly psychiatric treatment. We do not support reimbursement for travel or rest and recuperation because the cost of such reimbursement for dependents, we believe, would be subject to possible abuse and excessive cost to Government.

Title I also authorizes the spouse of a hostage employee to be reimbursed the educational or training expenses of efforts to re-enter the job market, after the employee had been held hostage for ninety days (5 USC 5569(c)). We support this provision but believe it should be extended alternatively to a dependent child of the hostage. These suggested revisions are based on similar benefits given to the spouses and dependent children of military personnel who are taken prisoner during hostilities.

Title I further extends the benefits of the Soldiers and Sailors Civil Relief Act of 1940 to any U.S. citizen who is in a missing status. This would enable the Federal and State courts to suspend certain actions against these citizens until they are in a position to defend their interests (5 USC 5570). We support this provision.

We support the income tax provisions contained in the bill.

Enactment of the proposed Act with the suggested revisions would go a long way toward affirming our support, concern and care for our employees and their families.

Sincerely,

JOHN E. REINHARDT, *Director.*

CHANGES IN EXISTING LAW

The provisions of the bill, as reported, within the jurisdiction of the Committee on Post Office and Civil Service do not amend existing law.

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